GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

STARRED QUESTION NO:147
ANSWERED ON:26.11.2007
TECHNOLOGY UPGRADATION FUND SCHEME
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita

Will the Minister of TEXTILES be pleased to state:

(a) whether the Technology Upgradation Fund Scheme would continue during the Eleventh Five Year Plan;

(b) if so, the details thereof alongwith the achievements made so far in this regard; and

(c) the funds spent during the Tenth Plan period under the said Scheme alongwith the amount earmarked for the Eleventh Plan period, State-wise, and year-wise?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) to (c): A Statement is laid on the Table of the House.

Statement referred to in reply to the Starred Question No.147 for answer on 26.11.2007

(a) Yes, Sir.

(b) The salient features of the modified Technology Upgradation Fund Scheme (TUFS), which was approved on 01.11.2007 is at Annexure. Since the approval was accorded by Government in November 2007, the implementation of the Scheme has just commenced. However, in its operational life span of eight years, as on 31.03.2007, the Scheme has propelled an investment of approximately Rs. 86, 000 crore. The Government has till now released Rs. 3225.06 crore under this Scheme.

(c) The total subsidy disbursed under this Scheme during the Tenth Plan period was Rs. 2044.18 crore. The Planning Commission has not yet communicated the total Plan allocation for the Eleventh Plan period.

Annexure

Salient features of the restructured Technology Upgradation Fund Scheme

i). The rate of interest reimbursement on spinning machinery has been reduced to 4%. All the remaining sub-sectors covered under the scheme would continue to get assistance @ 5%.
ii). The scheme will continue to provide cover for foreign exchange rate fluctuation not exceeding 5%. However, for the spinning machinery the coverage will be 4%.
iii). The Scheme will now provide an additional option to the powerlooms units to avail of 20% Margin Money subsidy under TUFS in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 100 lakh and ceiling on capital subsidy Rs.20 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.
iv). The Scheme will now provide 15% Margin Money subsidy for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 100 lakh and ceiling on capital subsidy Rs.15 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.
v). The Scheme will continue to provide 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.
vi). The Scheme will now provide 5% interest reimbursement plus 10% capital subsidy for specified machinery required in manufacture of technical textiles and garmenting machineries.
vii). The Scheme will now provide Interest subsidy/capital subsidy/Margin Money subsidy on the basic value of the machineries and exclude the tax component for the purpose of valuation in view of the decision for non-subsidizing the taxes.
viii). The Scheme will provide 25% capital subsidy on purchase of the new machinery and equipments for the pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipments, for handloom production units.
ix). The entire range of imported second hand machinery will now be ineligible under the Scheme for any benefit except automatic shuttleless looms with the value cap of Rs. 8.00 lakh per machine and 10 years` vintage and with a residual life of minimum 10 years.
x). Other investments such as energy saving devices, effluent treatment plant, in-house R&D, IT including ERP, TQM including adoption of ISO/BIS standards, CPP etc will now be eligible for benefits of the Scheme only upto 25% of the cost of machinery.
xi). Investments like land, factory building, pre-operative expenses and margin money for working capital will now be ineligible for benefit of reimbursement under the scheme except meant for apparel sector and handloom with existing 50% cap i.e. 50% of the cost of machinery and equipment.
xii). On loans sanctioned during 01.04.1999 and 31.03.2007, the then existing parameters and guidelines will apply.